

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

*for the six months ended December 31, 1971
(Interim statement subject to audit)*

	<u>1971</u>	<u>1970</u>
Source of Funds:		
Provided from operations	\$ 409,699	\$ 590,517
Proceeds from sale of subsidiary (less working capital thereof at date of sale)	—	787,609
Sales of marketable securities	1,202,971	790,598
Decrease in agreements receivable	240,384	84,600
Sales of property, plant and equipment	1,890	—
Increase in minority interest	6,126	2,187
	<u>1,861,070</u>	<u>2,255,511</u>
Application of Funds:		
Purchases of investments	1,273,437	3,694,694
Decrease in long-term liabilities	141,041	43,565
Property, plant and equipment	22,377	36,270
	<u>1,436,855</u>	<u>3,774,529</u>
Increase (Decrease) in working capital	<u>\$ 424,215</u>	<u>\$(1,519,018)</u>



Newconex Holdings Limited

Interim Report

to the Shareholders

for the six months ended Dec. 31, 1971

POSTAL ADDRESS

P.O. Box 40, TORONTO-DOMINION CENTRE
TORONTO 1, ONTARIO

NEWCONEX HOLDINGS LIMITED

To the Shareholders:

As at December 31, 1971 the net value of the Company's assets, including marketable securities at market value, amounted to \$16,873,000 or \$8.12 per share, which compares with \$8.55 per share as at December 31, 1970. The improvement in the securities markets during January 1972 has increased the break-up value to approximately \$8.60 per share as of January 14, 1972.

Net income for the six months ended December 31, 1971 (unaudited), including realized appreciation on investments, amounted to \$383,319, a decrease of \$995,118 from the net income of \$1,378,437 for the same period of the previous fiscal year. This decline is accounted for largely by two items — a reduction of \$165,000 in dividends received in the current period on our investment in Pine Point Mines Ltd. and the inclusion in the prior period's realized appreciation on investments of a gain of \$810,814 on the sale of our subsidiary, Pacific Truck & Trailer Mfg. Ltd., as of July 1, 1970.

Our industrial subsidiary, Vancouver Equipment Corp. Ltd. (Vaneco) has had a very active and profitable year to date. As of December 31, 1971 the Wabco truck and grader account and the Bucyrus-Erie mining equipment account were terminated. Vaneco will continue as distributor of Bucyrus-Erie products to the logging and construction industries in British Columbia. Vaneco also represents other leading manufacturers of equipment, including Clark-Michigan, Komatsu, Barber-Greene, Hughes Tool, etc. Management is presently negotiating to acquire the accounts of other equipment manufacturers.

As previously reported, your Company is participating directly in general exploration work as of January 1, 1972. Prior to that date the Canadian exploration program was financed by Consolidated Gold Fields Limited, the majority shareholder of your Company. Gold Fields has agreed in principle to participate with us in future exploration on a joint venture basis. Such an expanded program will increase your Company's exposure in the Canadian exploration field.

The amalgamation of your Company and its wholly-owned subsidiary, Melita Investments Limited, has been approved by the Ontario Department of Financial and Commercial Affairs, effective as of December 31, 1971.

W. A. Robinson,
President.

Toronto, Canada,
January 18, 1972.

NEWCONEX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

for the six months ended December 31, 1971
(Interim statement subject to audit)

	1971	1970
Income from investments and operations (Note 1)	\$ 913,958	\$1,065,456
Administration, technical and general expenses	192,789	207,998
Write-down of trading securities to market value	131,618	122,236
	324,407	330,234
Income before income taxes ..	589,551	735,222
Provision for income taxes ...	303,958	304,656
	285,593	430,566
Minority interest	32,646	29,555
Net income before realized appreciation on investments	252,947	401,011
Realized appreciation on investments (Note 2)	✓ 130,372	✓ 977,426
Net income	383,319	1,378,437
Retained earnings — beginning of period	6,517,333	4,954,686
Retained earnings — end of period	\$6,900,652	\$6,333,123
Earnings per share:		
Net income before realized appreciation on investments	12¢	19¢
Net income	18¢	66¢

Notes:

- (1) Sales of industrial subsidiaries for the six months ended December 31, 1971 were \$6,342,711 (1970—\$5,323,699).
- (2) 1970 realized appreciation of \$977,426 includes a gain of \$810,814 on the sale of a subsidiary company as of July 1, 1970.